

Good News Outreach, Inc.

FINANCIAL STATEMENTS

December 31, 2020 and 2019



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Good News Outreach, Inc.
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December 31, 2020 and 2019

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REPORT





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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Good News Outreach, Inc.
Tallahassee, Florida

Opinion

We have audited the accompanying financial statements of the Good News Outreach, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Good News Outreach, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Good News Outreach, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Good News Outreach, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Good News Outreach, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Good News Outreach, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Good News Outreach, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, Florida

May 17, 2021



FINANCIAL STATEMENTS

Good News Outreach, Inc.
Statements of Financial Position

<i>December 31,</i>	2020	2019
Assets		
Current assets		
Cash	\$ 313,981	\$ 30,691
Grants and other receivables	111,828	78,218
Rent receivable - net	19,941	3,846
Total current assets	445,750	112,755
Non-current assets		
Property and equipment - net	1,733,336	1,803,961
Security deposits	2,445	2,445
Total non-current assets	1,735,781	1,806,406
Total assets	\$ 2,181,531	\$ 1,919,161
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 3,750	\$ 61,729
Accrued expenses	18,756	12,035
Refundable advances	7,000	-
Current portion of long-term debt	209,379	111,418
Total current liabilities	238,885	185,182
Long-term liabilities		
Deposits received	24,075	21,775
Long-term debt, less current portion	920,743	1,069,397
Total long-term liabilities	944,818	1,091,172
Total liabilities	1,183,703	1,276,354
Net assets		
Without donor restrictions		
Undesignated	815,123	584,931
With donor restrictions		
Restricted for purpose or time	182,705	57,876
Total net assets	997,828	642,807
Total liabilities and net assets	\$ 2,181,531	\$ 1,919,161

The accompanying notes are an integral part of these financial statements.

Good News Outreach, Inc.
Statements of Activities

<i>For the years ended December 31,</i>	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Summarized Total
Revenue and Other Support				
In-kind contributions	\$ 424,404	\$ -	\$ 424,404	\$ 204,224
Rental income	379,702	-	379,702	313,731
Direct public support	227,385	93,000	320,385	71,924
Grant revenue	52,357	89,705	142,062	82,260
Contributions	100,000	-	100,000	100,403
Gain on disposal of assets	44,077	-	44,077	-
Forgiveness of PPP loan	28,840	-	28,840	-
Other income	27,378	-	27,378	2,117
Special events	18,430	-	18,430	17,822
Net assets released from restrictions				
Satisfaction of donor restrictions	57,876	(57,876)	-	-
Total revenue and other support	1,360,449	124,829	1,485,278	792,481
Expenses				
Program services	901,457	-	901,457	713,511
Supporting services				
Management and general	218,580	-	218,580	149,855
Fundraising	10,220	-	10,220	630
Total expenses	1,130,257	-	1,130,257	863,996
Change in Net Assets	230,192	124,829	355,021	(71,515)
Net assets at beginning of year	584,931	57,876	642,807	714,322
Net assets at end of year	\$ 815,123	\$ 182,705	\$ 997,828	\$ 642,807

The accompanying notes are an integral part of these financial statements.

Good News Outreach, Inc.
Statements of Functional Expenses

	Program Services						Supporting Services			2020	Summarized
	Maryland	Elder	Food	Mercy	Promise	Program	Management	Fundraising	Supporting		
<i>For the years ended December 31,</i>	Oaks	Services	Ministry	House	Zone	Services	and General		Subtotal	Total	Total
Food	\$ -	\$ 23,858	\$ 391,275	\$ -	\$ -	\$ 415,133	\$ 904	\$ -	\$ 904	\$ 416,037	\$ 188,505
Salaries and related benefits	43,498	58	254	55,152	-	98,962	125,193	4,603	129,796	228,758	175,198
Depreciation	92,766	862	-	2,720	-	96,348	278	-	278	96,626	99,532
Utilities	41,688	1,390	389	13,836	-	57,303	1,045	-	1,045	58,348	79,567
Repairs and maintenance	49,497	320	-	2,667	-	52,484	221	-	221	52,705	69,324
Insurance	24,219	6,913	25	-	13,802	44,959	1,351	-	1,351	46,310	40,955
Interest	32,006	1,440	-	7,006	-	40,452	5,004	-	5,004	45,456	79,780
Contract Labor	-	-	-	-	-	-	39,336	600	39,936	39,936	34,906
Bad debt	36,723	-	-	-	-	36,723	-	-	-	36,723	9,233
Rent	-	6,000	9,000	-	-	15,000	9,000	-	9,000	24,000	23,350
Client expenses	13,517	1,520	567	5,543	-	21,147	251	-	251	21,398	10,419
Computer expenses	4,193	-	-	1,008	-	5,201	3,084	1,858	4,942	10,143	2,926
Professional fees	-	-	-	-	-	-	9,300	-	9,300	9,300	14,810
Miscellaneous	73	-	-	647	-	720	5,805	242	6,047	6,767	4,666
Pest control	4,800	-	-	295	-	5,095	-	-	-	5,095	5,095
Office supplies	528	-	-	180	196	904	3,892	-	3,892	4,796	7,010
Fundraising expenses	80	-	-	2,181	-	2,261	509	750	1,259	3,520	630
Printing and copying	-	-	-	-	-	-	1,103	2,137	3,240	3,240	105
Dues, licenses, taxes	110	110	110	110	-	440	2,586	-	2,586	3,026	3,778
Telephone	-	1,322	504	564	-	2,390	633	-	633	3,023	4,660
Bank charges	11	10	-	57	-	78	2,935	4	2,939	3,017	460
Equipment rental/purchases	1,089	-	-	-	-	1,089	1,804	-	1,804	2,893	2,748
Posting/shipping	-	165	-	4	55	224	1,953	26	1,979	2,203	889
Amortization	2,403	-	-	-	-	2,403	-	-	-	2,403	2,403
Education	-	-	-	-	-	-	1,998	-	1,998	1,998	-
Supplies	326	100	-	331	-	757	395	-	395	1,152	610
Employee appreciation	-	1,000	-	-	-	1,000	-	-	-	1,000	-
Eviction expenses	384	-	-	-	-	384	-	-	-	384	1,310
Fees	-	-	-	-	-	-	-	-	-	-	710
Newsletter	-	-	-	-	-	-	-	-	-	-	278
Auto expense	-	-	-	-	-	-	-	-	-	-	139
Total expenses	\$ 347,911	\$ 45,068	\$ 402,124	\$ 92,301	\$ 14,053	\$ 901,457	\$ 218,580	\$ 10,220	\$ 228,800	\$ 1,130,257	\$ 863,996

The accompanying notes are an integral part of these financial statements.

Good News Outreach, Inc.
Statements of Cash Flows

<i>For the years ended December 31,</i>	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 355,021	\$ (71,515)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	96,626	99,532
Amortization	2,403	2,403
Bad debt	36,723	9,233
(Gain) loss on disposal of property and equipment	(44,077)	-
Changes in operating assets and liabilities:		
Grants and other receivables	(70,333)	(27,377)
Rent receivable	(16,095)	(1,146)
Security deposits	-	(500)
Other assets	-	51
Accounts payable	(57,979)	28,233
Accrued expenses	6,721	(3,859)
Refundable advances	7,000	-
Deposits	2,300	350
Net cash provided by (used in) operating activities	318,310	35,405
Investing activities		
Purchase of property, plant and equipment	(76,777)	(4,000)
Proceeds from disposal of property, plant and equipment	94,853	-
Net cash provided by (used in) investing activities	18,076	(4,000)
Financing activities		
Principal payments on note payable	(238,836)	(67,357)
Borrowings on PPP loan	35,840	-
Borrowings on EIDL loan	149,900	-
Net cash provided by (used in) financing activities	(53,096)	(67,357)
Net change in cash	283,290	(35,952)
Cash at beginning of year	30,691	66,643
Cash at end of year	\$ 313,981	\$ 30,691
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 43,053	\$ 72,060

The accompanying notes are an integral part of these financial statements.

Note 1: DESCRIPTION OF THE ORGANIZATION

Good News Outreach, Inc. (the Company), a nonprofit corporation, is a private sector, volunteer driven, multi-denominational Christian faith-based organization dedicated to relieving physical mental, emotional, and spiritual suffering to those within our surrounding community regardless of their religious beliefs or lack thereof. The Company has a thirty-plus year history in Tallahassee as a non-profit 501(c)(3) Florida corporation. It accomplishes its mission through five programs: Elder Services, Food Ministry, the Mercy House, Maryland Oaks, and Promise Zone.

The Company was originally founded in 1985 to demonstrate the Gospel of Christ in word and action. It serves as a social service agency providing for the material, emotional, and spiritual needs of individuals, families, and children in the North Florida area. It operates a ministry to elders and those in need of food, a prison ministry, and two homes for men recently released from prison. It also operates modular home units that provide low income housing for single women and men with children and families who are in danger of being homeless. The Company is supported primarily through rental income, in-kind contributions, and donor contributions and grants from the Florida Department of Corrections (DOC), the Beatitude Foundation, and Community Human Service Partnership (CHSP).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Company's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Good News Outreach, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash consists of demand deposits with financial institutions including credit unions. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) while deposits with credit unions are insured by the National Credit Union Company (NCUA). Both the FDIC and NCUA are insured up to \$250,000 per depositor. Deposits at times may exceed federally or nationally insured limits. The Company has not experienced any losses in such accounts.

Grants and Other Receivables

Grants and other receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Company provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Company's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Allowance for doubtful accounts was \$30,593 and \$-0- as of December 31, 2020 and 2019, respectively.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

	<u>Useful Lives</u>
Furniture and equipment	5 - 10 Years
Computers	3 - 5 Years
Building and improvement	5 - 40 Years
Modular homes and improvements	10 - 25 Years
Land improvements	20 Years

Debt Issuance Costs

Fees and costs incurred to obtain long-term financing have been deferred and are being amortized in the statements of functional expenses over the life of the related long-term debt on the straight-line method which approximates the effective interest method. Unamortized debt issuance costs are expensed when the associated debt is refinanced or repaid before maturity. Costs incurred in seeking debt, which do not close, are expensed in the period in which it is determined that the financing will not close. Unamortized costs are included in long-term debt. Debt issuance costs totaled \$27,656 and \$27,656 at December 31, 2020 and 2019, respectively. See Note 6 for relevant disclosure.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Leave Policy

The Company's policy is to pay employees for up to 200 hours of accrued leave upon termination. At December 31, 2020 and 2019, the Company had paid time off accrued of \$11,810 and \$5,958, respectively, and are included in accrued expenses on the statements of financial position.

Net Assets

The Company reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Company, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Rental income and special events are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets

Donated investments, property, and other noncash donations are recorded as contributions at their fair values at the date of donation.

The Company received donated food and supplies for the Food Ministry program of \$391,270 and \$169,731 for the years ended December 31, 2020 and 2019, respectively. The Company also received donated food and supplies for the Elder Services program of \$22,578 and \$18,775 for the years ended December 31, 2020 and 2019, respectively. These donations met the criteria for recognition in accordance with accounting principles generally accepted in the United States of America, and are therefore reflected in the accompanying statements of activities.

Donated Services

A significant portion of the Company's functions are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Company.

The Company received professional accounting services totaling \$10,556 and \$15,809 for the years ended December 31, 2020 and 2019, respectively. These services met the criteria for recognition in accordance with accounting principles generally accepted in the United States of America. These services are recorded as offsetting revenue and expenses within the accompanying statements of activities.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries and grants are allocated based on time and effort by individual. Other expenses, such as office supplies, are allocated on a direct method for expenses directly related to the program.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Company is exempt from taxes on income other than unrelated business income. Income from certain activities not directly related to their tax exempt purposes is subject to taxation as unrelated business income.

Good News Outreach, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Company utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2020 and 2019, the Company has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Interest Expense

Interest expense is expensed as incurred.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 17, 2021. See Note 13 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 3: FINANCIAL ASSET AVAILABILITY

The Company maintains its financial assets primarily in cash to provide liquidity to ensure funds are available as the Company's expenditures come due. The following reflects the Company's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>December 31,</i>	2020	2019
Cash	\$ 313,981	\$ 30,691
Grants and other receivable	111,828	78,218
Rent receivable	19,941	3,846
Less: Rental security deposits received	(24,075)	(21,775)
Less: Restricted by donor with time or purpose restrictions	(182,705)	(57,876)
Financial assets available to meet cash needs for general expenditure within one year	\$ 238,970	\$ 33,104

The Company is principally supported by rental income, direct public support, and in-kind contributions. In the event of financial distress or an immediate liquidity need resulting from events outside the typical course of business, the Company could draw upon a \$25,000 line of credit.

Good News Outreach, Inc.
Notes to Financial Statements

Note 4: RENT RECEIVABLE

Rent receivable consists of the following:

<i>December 31,</i>	2020	2019
Rent receivable	\$ 50,534	\$ 3,846
Less allowance for doubtful accounts	(30,593)	-
Rent receivable - net	\$ 19,941	\$ 3,846

Bad debt expense totaled \$36,723 and \$9,233 for the years ended December 31, 2020 and 2019, respectively.

Note 5: PROPERTY AND EQUIPMENT - NET

Property and equipment – net consists of the following:

<i>December 31,</i>	2020	2019
Land improvements	\$ 969,448	\$ 969,448
Land (not depreciated)	955,459	955,459
Modular homes	953,169	953,169
Modular home improvements	324,632	253,419
Buildings and improvements	111,523	198,901
Furniture and equipment	56,261	60,665
Computers	7,697	4,353
Signs	313	313
Total property and equipment	3,378,502	3,395,727
Less accumulated depreciation	(1,645,166)	(1,591,766)
Total property and equipment - net	\$ 1,733,336	\$ 1,803,961

Depreciation expense totaled \$96,626 and \$99,532 for the years ended December 31, 2020 and 2019, respectively.

Good News Outreach, Inc.
Notes to Financial Statements

Note 6: LONG-TERM DEBT

Long-term debt consists of the following:

<i>December 31,</i>	2020	2019
Mortgage payable to a financial institution; interest at 6% per year; monthly payments of \$1,997 including principal and interest; collateralized by real property with net book value of \$38,438; remaining principal balance is due December 7, 2021.	\$ 128,261	\$ 227,820
Line of credit payable to a financial institution with available borrowings of \$25,000; interest at 9.25%; monthly payments of interest only; collateralized by real property with net book value of \$1,692,242.	-	24,317
Mortgage payable to a financial institution; interest at 5.378% per year; monthly payment of \$8,792; collateralized by real property with net book value of \$1,692,242; remaining principal balance is due April 15, 2030. Interest rates are subject to escalation beginning March 31, 2020 and every twelve months thereafter, not to exceed a maximum interest rate of 6.25% annually between March 31, 2020 and March 31, 2022, and 11.379% thereafter.	711,495	762,389
Mortgage payable to a financial institution; interest at 5% per year; monthly payments of \$2,382 including principal and interest; collateralized by real property with net book value of \$1,692,242; remaining principal balance is due April 12, 2025.	153,268	181,494
SBA EIDL loan payable to a financial institution; interest at 2.75% per year; monthly payments of \$641 including principal and interest commencing June 7, 2021 and maturing on June 7, 2050.	149,900	-
Long-term debt	1,142,924	1,196,020
Less current portion	209,379	111,418
Less debt issuance costs, net	12,802	15,205
Long-term debt, less current portion	\$ 920,743	\$ 1,069,397

Interest expense related to debt agreements was \$45,456 and \$79,780 for the years ended December 31, 2020 and 2019, respectively.

Good News Outreach, Inc.
Notes to Financial Statements

Note 6: LONG-TERM DEBT (Continued)

Principal maturities for each of the next five years and thereafter follow:

<i>For the years ending December 31,</i>	Amount
2021	\$ 209,379
2022	88,772
2023	93,484
2024	98,436
2025	138,298
Thereafter	514,555
Total	\$ 1,142,924

At December 31, 2020 and 2019, net debt issuance costs to secure debt totaled \$12,802 and \$15,205, respectively. Amortization of debt issuance costs totaled \$2,403 and \$2,403 for the years ended December 31, 2020 and 2019, respectively. The carrying amount of debt issuance costs is applied against the balance of the loan.

Note 7: NET ASSETS

Net assets with donor restrictions is primarily comprised of the amount due on grant commitments from Community Human Service Partnership (CHSP) with purpose restrictions to each program. Donor restricted net assets of \$43,000 relate to a purpose restricted contribution to cover acquired debt of a pending property purchase, and donor restricted net assets of \$50,000 relate to a purpose restricted contribution to establish a women's re-entry program.

Note 8: REVENUE

The Company's revenues are primarily from in-kind contributions, direct public support, and grants. The Company's revenue from contracts with customers primarily relates to rental agreements. Rental income is recognized over the lease period. Revenue from special events is recognized at the point when the event occurs.

Good News Outreach, Inc.
Notes to Financial Statements

Note 8: REVENUE (Continued)

A summary of disaggregated revenue information follows:

<i>For the years ended December 31,</i>	2020	2019
Contracts with customers		
Recognized over time		
Rental income	\$ 379,702	\$ 313,731
Recognized at a point of time		
Special events	18,430	17,822
Other revenue and support		
In-kind contributions	424,404	204,224
Direct public support	320,385	71,924
Grant revenue	142,062	82,260
Foundation programs	100,000	100,403
Gain on disposal of assets	44,077	-
Forgiveness of PPP loan	28,840	-
Other income	27,378	2,117
Total revenue	\$ 1,485,278	\$ 792,481

Contract balances for contracts with customers include the following:

	2020	2019
Contract assets		
Rent receivable, beginning of year	\$ 3,846	\$ 2,700
Rent receivable, end of year	\$ 19,941	\$ 3,846

Note 9: CONCENTRATIONS OF CREDIT RISK

The Company maintains cash with a financial institution in excess of the National Credit Union Administration (NCUA) limit of \$250,000 by \$68,700 and \$-0- at December 31, 2020 and 2019, respectively.

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Notes to Financial Statements

Note 10: COMMITMENTS

The Company leases office space under an operating lease. Minimum future lease payments required under the term of the lease are as follows:

<i>For the year ending December 31,</i>	Amount
2021	\$ 22,000
Total operating leases	\$ 22,000

Rent expense for the years ended December 31, 2020 and 2019 was \$24,000 and \$23,350, respectively.

Note 11: PAYCHECK PROTECTION PROGRAM

The Company initially recorded a note payable of \$35,840 and subsequently recorded forgiveness when the loan obligation was legally released. The Company recognized \$28,840 of loan forgiveness income for the year ended December 31, 2020. The remaining \$7,000 was related to the EIDL loan advance deduction that was not forgiven until February 2021.

Note 12: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Company. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Note 13: SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the Company contracted to purchase real property for \$43,000. Management estimates the fair market value of the property to be \$725,000. The difference between the contracted purchase price and the estimated fair market value will be recognized as a contribution. As of the date of our independent auditors' report the contract closing is pending.